

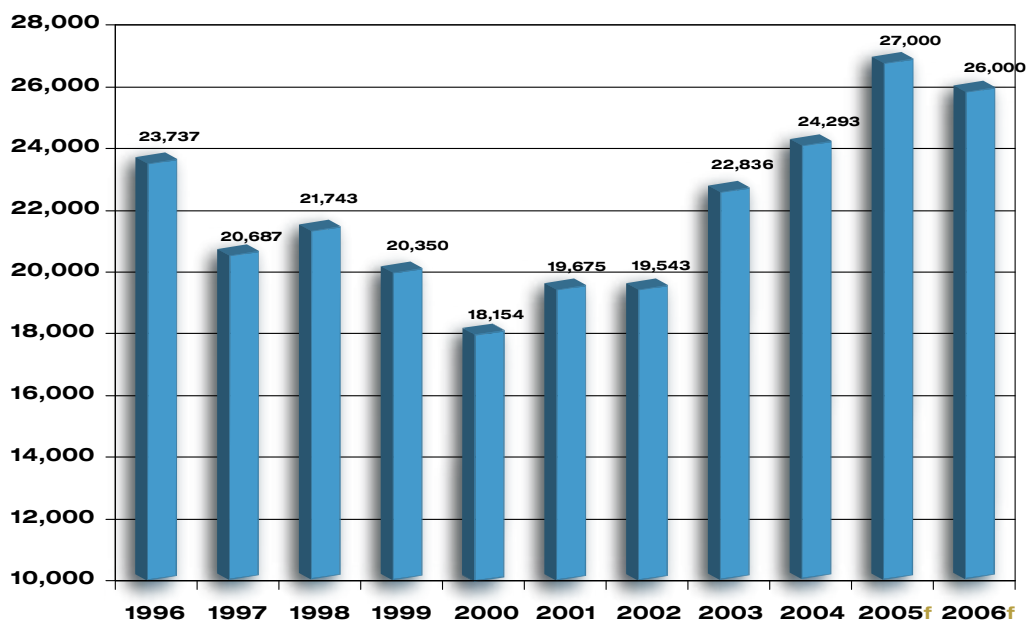
Another year has come and gone, and it's time to take an economic look in review at 2005. Let's also speculate as to how 2006 will unfold.

In Utah, 2005 turned out to be an economically robust year. Preliminary information shows that the employment base expanded by over 39,000 new jobs. The resulting growth rate of 3.5 percent nearly doubles the national growth rate and ranks Utah within the top 5 states nationwide in terms of employment growth rate. This is also the best Utah economic performance since 1997. It places 2005 right in line with Utah's long-term average of 3.3 percent employment growth per year since 1960.

It is not just employment numbers that paint a robust Utah economy. Sales tax receipts are also coming in very strong for 2005, showing both robust consumer spending along with a high volume of business investment. The construction industry is booming with 2005 showing a record year for housing starts. In addition, the list of active and expected commercial and industrial projects for Utah is extensive and continues to grow.

Population growth was very robust in 2005. It is estimated that Utah's population grew by 3.2 percent, and the number of Utahns is now over 2.5 million. Overall, 2005 lays to rest the sluggish economic climate of the early 2000s.

**Utah Residential Housing Starts; Permit Approvals
1996 - 2006**



Source: University of Utah, Bureau of Economic and Business Research f = forecast

The biggest surprise and the headline industry for 2005 is construction. Construction is usually not the driving industry in the economy. Construction accounts for 7 percent of Utah's employment base, yet in 2005, it accounted for 21 percent of all the new jobs created. It led all industries with the addition of over 8,000 new jobs. It hasn't been since the mid-1990s that Utah has seen construction growth like this. A building boom is ongoing in Utah, and it is not just residential housing activity. There are also plenty of commercial and industrial projects. The list of large projects scheduled to begin in 2006 is extensive, so it is anticipated that construction will continue to be a driving force in the Utah economy in 2006.

What more can we expect for 2006? The dynamics are in place for Utah's economy to continue to expand. Initially, Utah's economy should keep building off the current momentum, but the growth rate will be just slightly below the 2005 level. The economy would be growing at a higher pace if we didn't anticipate a return to high gasoline prices again next summer. They won't be high enough to derail the economy, but it will temper the growth potential.

Population growth is expected to remain high, largely driven by strong in-migration, fueled by a flourishing Utah economy coupled with economic weakness in other parts of the country. As mentioned, a lot of construction projects are on the table. New housing starts are expected to be slightly below the 2005 level, but still the second-best year ever. Taxable sales are expected to increase by 5 percent, fueled by a growing economy and consumers who are willing to spend. All in all, 2006 should be a continuation of the current economic vitality. ①

UTAH POPULATION, LABOR FORCE, AND NONAGRICULTURAL JOBS				
2005 - 2006				
	2005p	2006f	04-05	05-06
Total Population	2,547,400	2,622,000	3.2	2.9
Civilian Labor Force	1,248,875	1,280,100	3.8	2.5
Employed Persons	1,190,600	1,223,800	4.4	2.8
Unemployed Persons	58,275	56,300	-7.4	-3.4
Unemployment Rate	4.7	4.4		
Total Nonfarm Jobs	1,143,500	1,180,800	3.5	3.3
Mining	8,100	8,700	14.4	7.4
Construction	81,000	86,800	11.5	7.2
Manufacturing	117,600	120,300	2.5	2.3
Trade, Trans., Utilities	224,400	230,600	2.4	2.8
Information	31,700	33,300	4.7	5.0
Financial Activity	67,000	68,300	3.0	1.9
Professional & Business Services	145,200	151,800	5.1	4.5
Education & Health Services	128,200	133,100	4.0	3.8
Leisure & Hospitality	104,300	106,800	2.2	2.4
Other Services	33,400	34,200	1.5	2.4
Government	202,600	206,900	1.9	2.1
Goods-producing	206,700	215,800	6.3	4.4
Service-producing	936,800	965,000	3.0	3.0
Percent Service producing	81.9%	81.7%		
Total Nonag Wages (millions)	\$37,610	\$40,150	7.4	6.8
Avg. Annual Wage	\$32,890	\$34,002	3.8	3.4
Avg. Monthly Wage	\$2,741	\$2,834	3.8	3.4
Establishments (first quarter)	77,616	82,100		
p = preliminary f = forecast				
Updated: November, 2005				